

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST CLARK COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCTION WATER DISTRIBUTION SYSTEM)	95-302
IMPROVEMENTS, AND APPROVAL OF THE)	
PROPOSED PLAN OF FINANCING THOSE)	
IMPROVEMENTS)	

O R D E R

By application filed July 27, 1995, East Clark County Water District ("East Clark") is seeking authorization to construct a \$1,524,000 waterworks improvement project, and approval of its plan of financing for this project. Project funding includes a \$1,400,000 loan from the Kentucky Association of Counties Leasing Trust ("KACoLT"), and \$124,000 from applicants for service in the project area. The loan will be for a 24-year period at an interest of 6.24 percent per annum.

The proposed construction will provide water service to about 335 additional customers. Plans and specifications for the proposed improvements prepared by Howard K. Bell, Consulting Engineers, Inc. of Lexington, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of about 35 miles of 6- and 4-inch diameter pipelines and related appurtenances. After allowances are made for fees, contingencies, and other indirect costs, the total cost of this project is approximately \$1,524,000.

3. East Clark should monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), East Clark should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. East Clark should only install fire hydrants in those instances where the installation complies with the requirements of 807 KAR 5:066, Section 10(2)(b).

5. East Clark should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

6. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

7. East Clark should furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially

completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

8. East Clark should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

9. East Clark should furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement of the Engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

10. The financing plan proposed by East Clark is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should therefore be approved.

IT IS THEREFORE ORDERED that:

1. East Clark be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

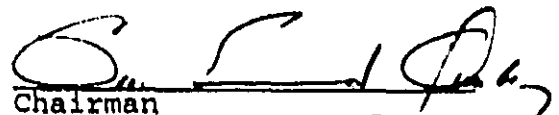
2. East Clark's financing plan consisting of a \$1,400,000 loan from KACoLT and a contribution from the applicants for service of \$124,000 is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in East Clark's application.

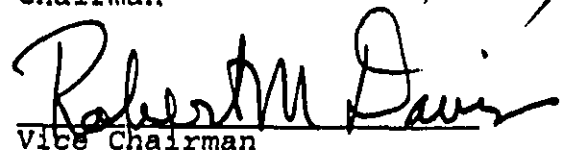
3. East Clark shall comply with the requirements contained in Findings 3 through 9.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 23rd day of August, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director